

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:899
ANSWERED ON:17.08.2007
FBT ON EMPLOYEE STOCK OPTIONS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has finalised norms for defining the fair market value of Employee Stock Options (ESOPs) as reported in the 'Financial Express' dated January 15, 2007;
- (b) if so, the details thereof;
- (c) if not, the reasons for delay in this regard;
- (d) whether the Government has deferred the date of paying the first instalment of advance FBT on ESOPs;
- (e) if so, the details thereof; and
- (f) the steps taken by the Government to finalise the norms at the earliest?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

- (a) : No, Sir.
- (b) : Does not arise.
- (c) : After enactment of Finance Act, 2007 in the month of May, 2007, Central Board of Direct Taxes (CBDT) is examining various pricing model in consultation with various stakeholders.
- (d) & (e): Since the norms for determining the fair market value is still to be notified, the CBDT, extended the due date of payment of first instalment of advance tax in respect of Fringe Benefit Tax which was to be paid by the employer on or before June 15, 2007 in respect of transfer or allotment of specified security or sweat equity shares to its employees, to 15th September, 2007 (the date of second instalment).
- (f): The CBDT is expected to finalize the norms for valuation of specified security or sweat equity share shortly.